

Message Text

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47

ACTION AF-08

INFO OCT-01 EUR-12 ISO-00 IO-13 AID-05 CIAE-00 COME-00

EB-07 FRB-01 INR-07 NSAE-00 USIA-15 TRSE-00 XMB-04

OPIC-06 SP-02 CIEP-02 LAB-04 SIL-01 OMB-01 NSC-05

SS-15 STR-04 CEA-01 AGR-10 /124 W

----- 117442

P R 031011Z AUG 76

FM AEMEMBASSY ACCRA

TO SECSTATE WASHDC PRIORITY 3717

INFO AMEMABASSY ABIDJAN

AMEMBASSY ADDIS ABABA

AMEMBASSY COTONOU

AMEMBASSY DAKAR

AMEMBASSY FREETOWN

AMEMBASSY KINSHASA

AMEMBASSY LAGOS

AMEMBASSY LOME

AMEMBASSY LONDON

AMEMBASSY MONROVIA

AMEMBASSY NAIROBI

AMEMBASSY OUAGADOUGOU

AMEMBASSY PARIS

USMISSION EC BRUSSELS

USMISSION GENEVA

USDEL MTN GENEVA

USMISSION OECD PARIS

UNCLAS SECTION 1 OF 2 ACCRA 5657

DEPT ALSO PASS DIA: LAGOS ALSO FOR AGATT

EO 11652 NA

TAGS: EALR ECON GH

SUB: GHANA'S FY 76-77 BUDGET

REF: A) ACCRA 5658, B) 75 ACCRA 4773 (NOTAL),

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C) 75 ACCRA 4774 (NOTAL),

1. SUMMARY: GOG BUDGET FOR FY BEGINNING JULY 1, 1976 CALLS FOR (ALL IN CEDIS MILLION, WITH PARENTHETICAL PERCENTAGE CHANGE FROM PREVIOUS FY) REVENUE 1084 (24), RECURRENT EXPENDITURE 1104 (26), CAPITAL EXPENDITURE 360 (12). DOCUMENT ADMITS DECLINE IN INDUSTRIAL AND AGRICULTURAL PRODUCTION, STAGNANT ECONOMY, AND INCREASING INFLATION (36.6 PCT. MONEY SUPPLY INCREASE). CALLS CONTROL OF INFLATION THE MAJOR GOG PREOCCUPATION. TAXES RAISED SIGNIFICANTLY ON BEER, CIGARETTES, AND PREMIUM GASOLINE. IMPORT LICENSE LEVY MADE STRAIGHT 10 PCT. FROM VARIABLE 5-150 PCT. RATES. MINOR ADJUSTMENTS TO DUTIES AND OTHER TAXES AND FEES. INCOME TAX SURTAX ADDED FOR HIGHEST BRACKETS, AND EFFECTIVE INCOME TAX LOWERED SLIGHTLY FOR LOWEST BRACKETS. DUTIES AND TAXES ON CARS LOWERED. END SUMMARY.

2. GOG BUDGET ISSUED JULY 21 FOR FY 76-77 (BEGAN JULY 1).

SUMMARY, IN MILLION CEDIS (DOL 1 EQUALS CEDI 1.15) AND PERCENTS:

			FY76-77 AS PCT.OF TOTAL	
ITEM	FY75-76	FY76-77	PCT.CHANGE	
IMPORT DUTIES	139	100	-28	9
EXPORT DUTIES	172	277	61	26
(OF WHICH:				
COCA	165	269	63	25)
EXCISE AND				
LOCAL DUTIES	181	229	27	21
LICENSES	4	6	51	1
MISCELL-				
ANEOUS TAXES	55	124	125	11

(OF WHICH
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IMPORT LEVY	--	60	--	6)
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INCOME AND				
PROPERTY TAXES	197	218	11	20

(OF WHICH:				
PERSONAL	86	91	6	8
COMPANY	93	92	-01	8

STATE CORPS. --	20	----	2)
NON-TAX			
REVENUES	124	130	5 12

(OF WHICH			
INTEREST AND			
PROFITS	84	78	-7 7)

TOTAL			
CURRENT			
REVENUE	872	1084	24 100

NON-DEBT			
EXPENDITURE	829#	887	7# 8

PENSIONS,			
GRATUTIES,			
	84#	90	7# 8
SOCIAL SECURITY			
CONTRIBUTIONS			

INTEREST ON			
INTERNAL DEBT	85#	113	34# 10

INTEREST ON			
EXTERNAL DEBT	18#	14	-22 1

TOTAL RE-			
CURRENT	1016#	1104	9# 100
EXPENDITURE	(877)		(26)

BALANCE ON			
CURRENT			
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ACCOUNT	-14#	-20	
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NOTE : FY 1975-76 BUDGET EXPENDITURES WERE TO BE
 REDUCED BY CEDIS 139 MILLION IN UNSPECIFIED SAVINGS;
 BALANCE SHOULD THREFORE BE -4, BUT 75-76 BUDGET SHOWED -14.
 THE 76-77 DOCUMENT LISTED A REVISED 75-76 NON-DEBT CURRENT
 EXPENDITURE ON CEDIS 775.0 MILLION.

CAPITAL EXPENDITURE:			
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ITEM (BY MINISTRY			
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AGRICULTURE	37.0	52.3	41 14.5
COCOA AFFAIRS	0.058	0.941	1522 0.3

LAND AND
MINERAL
RESOURCES 9.5 13.6 43 3.8

TRADE AND
TOURISM 7.9 8.4 6 2.3

INDUSTRIES 1.4 2.3 65 0.7

WORKS AND
HOUSING 80.6 85.2 6 23.7

TRANSPORT AND
COMMUNICATIONS 5.2 6.3 20 1.7

EDUCATION AND
CULTURE 25.6 24.8 -3 6.9

HEALTH 19.1 20.8 9 5.8

LABOR,SOCIAL
WELFARE, AND
COOPS. 16.0 9.5 -41 2.6

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----- 117915

P R 031011Z AUG 76

FM AMEMBASSY ACCRA

TO SECSTATE WASHDC PRIORITY 3718

INFO AMEMBASSY ABIDJAN

AMEMBASSY ADDIS ABABA

AMEMBASSY COTONOU

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 AMEMBASSY NAIROBI
 AMEMBASSY OUAGADOUGOU
 AMEMBASSY PARIS
 USMISSION USEC BRUSSELS
 USMISSION GENEVA
 USDEL MTN GENEVA
 USMISSION OECD PARIS

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FEEDER ROADS
 PROGRAM OF
 LABOR, SOCIAL
 WELFARE, ETC. --- 15.1 --- 4.2

INTERNAL
 AFFAIRS 6.8 8.2 20 2.3
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LOCAL
 GOVERNMENT 15.2 12.0 -21 3.3

GENERAL ADMIN 24.3 33.8 40 9.4

INFORMA-
 TION 7.5 9.4 26 2.6

ADMIN OF
 JUSTIC 1.4 1.6 17 0.4

FOREIGN
 AFFAIRS 2.2 2.4 8 0.7

FISCAL ADMIN 12.6 13.7
 8 3.8

ECONOMIC
 PLANNING 15.5 15.8 2 4.4

DEFENSE 33.0 23.0 -30 6.4

STATUTORY

DEPTS	1.2	1.0	-18	0.3
TOTALS	322.0	360.0	11.8	100

3. JAMOR TAX CHANGES MADE BY 76-77 BUDGET:

A. IMPORT LICENSE FEE, FORMERLY VARIABLE FROM 5 TO 150 PCT., CHANGED TO FLAT 10PCT. THOSE WITH SPECIFIC TAX EXEMPTIONS CONTINUE EXEMPT FROM IMPORT LICENSE FEE, AS DO AGRICULTURAL IMPORTS (MACHINERY AND INPUTS) AND THOSE FOR CHARITABLE ORGANIZATIONS.

B. INCREASE IN IMPORT DUTY TO 50) 0:5. UNDER BTN CHAPTER 29 (WITH IMPORTS FOR MANUFACTURE OF PHARMACEUTICALS CONTINUING TO BE DUTY-FREE), CHEMICALS.

C. DUTY ON SYNTHETIC YARNS (GREY, UNBLEACHED) HAD UNCLASSIFIED

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BEEN CEDI 0.07 PER LB. OR 15 PCT. AD VALORUM, WHICHEVER WAS LESS; THE SPECIFIC DUTY IS ELIMINATED.

D. DUTY ON LOCALLY-ASSEMBLED CARS REDUCED FROM 50 TO 30 PCT., AND ON IMPORTED CARS FROM 50 TO 40 PCT. RATES: VEHICLE PURCHASE TAXES REDUCED BY ESTABLISHING HIGHER BRACKETS FOR EXISTING RATES.

E. SPECIAL TAXES ON CIGARETTES, BEER AND STOUT RAISED SIGNIFICANTLY (E.G., OVER 25 PCT. RETAIL BEER PRICE INCREASE).

F. EXCISE DUTY ON PREMIUM GASOLINE RAISED, BRINGING PUMP PRICE TO CEDI 2.00 PER IMPERIAL GALLON, A 25 PCT. INCREASE. HOWEVER, ALL OTHER PETROLEUM PRODUCTS, INCLUDING REGULAR GASOLINE, UNCHANGED. DIFFERENTIAL IN REGULAR/PREMIUM GASOLINE THUS BECOMES 43 PCT. G. PERSONAL INCOME SURTAX OF 10 PCT. ADDED TO ANNUAL INCOMES EXCEEDING CEDIS 14,400 AND SURTAX 15 PCT. TO INCOMES EXCEEDING CEDIS 50,400. HOWEVER, LEVEL OF INCOME TAX BRACKETS RAISED, SO THAT LOWEST-INCOME TAXPAYERS HAVE SLIGHT INCREASE IN AFTER-TAX INCOME. ALSO, HIGHEST INCOME TAX LEVEL DROPS TO 70 PCT. FROM PREVIOUS 75 PCT., BUT PREVIOUSLY THERE WAS NO SURTAX. NO CHANGE IN COMPANY INCOME TAXES.

H. CAPITAL GAINS TAX, INTRODUCED AUGUST 1975, CHANGED RETROACTIVELY TO LIMIT TO HOUSES OPREVIOUS PROVISION ALLOWING USE OF FULL PROCEEDS OF SALE TO ACQUIRE SIMILAR ASSET WITHIN ONE YEAR WITHOUT PAYING TAX.

I. 15 PCT. ADVERTISEMENT TAX INTRODUCED.

J. VARIOUS MINOR FEES AND TAXES RAISED.

4. INTRODUCTION IN BUDGET DOCUMENT ON GHANAIAI ECONOMY CONSIDERABLY THINNER THAN LAST YEAR. IT DID MENTION CY 75 EXTERNAL TRADE SURPLUS OF CEDIS 22.3 MILLION (VS. 93.8 MILLION DEFICIT CY 74). DECLINE IN INDUSTRIAL PRODUCTION AND "UNUSUALLY POOR HARVEST" RESULTED IN "THE GROWTH TARGET OF 5.5 PCT. IN GDP FOR 1975-76 COULD NOT BE ATTAINED; PRELIMINARY ESTIMATES INDICATE THAT THE ECONOMY JUST ABOUT HELD ITS OWN." MONEY SUPPLY INCREASED 36.6 PCT. (25.1 PCT. PREVIOUS YEAR). "THE COMBINATION
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OF STAGNATION IN DOMESTIC PRODUCTION, LOW IMPORTS OF CONSUMER GOODS AND HIGH GROWTH IN MONEY SUPPLY HAS LED TO INFLATION AT AN ACCELERATED RATE." DOCUMENT STATES THAT THEREFORE "CONTROL OF INFLATION HAS BECOME THE MAJOR PREOCCUPATION OF GOVERNMENT, PARTICULARLY AS THE LOCAL FOOD INDEX IS THE MAJOR CONTRIBUTORY FACTOR." DOCUMENT CALLS FOR INCREASED AGRICULTURAL PRODUCTIVITY, USE OF FULL INDUSTRIAL CAPACITY, STREAMLINING DISTRIBUTION, INCREASING EXPORT EARNINGS, AND TRAINING AND RETRAINING MID-LEVEL TECHNICIANS AS MEANS OF ACHIEVING "A FUNDAMENTAL STRUCTURAL TRANSFORMATION...TO ENSURE A PERMANENT DEALING WITH ... SLOW ECONOMIC GROWTH, INFLATION AND UNEMPLOYMENT."

5. COPIES OF BUDGET POUCHED WASHINGTON AGENCIES. COMMENTS
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LINEHAN

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: GOVERNMENT BUDGET
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Draft Date: 03 AUG 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

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Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
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TAGS: EALR, ECON, GH
To: STATE
Type: TE
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